

## Gold

### Technical

Gold prices rebounded from session lows consolidate the most recent loses experienced. Resistance is seen near an upward sloping trend line that comes in near 1,308, which coincides with the 10-day moving average. Support on the yellow metal is seen near the December lows at 1,240. Momentum remains negative as the MACD histogram prints in the red with a downward sloping trajectory which points to lower prices. Softer than expected jobless claims allowed rates to ease, paving the way for a bounce in gold. Initial claims bounced 11k to a still-lean 222k in the BLS survey week from 211k in each of the prior two weeks and a 48-year low of 209k in the third week of April. Claims have tightened sharply into May despite today's rise. U.S MBA mortgage market index sank 2.7% along with a 2.1% decline in the purchase index and a 3.8% drop in the refinancing index for the week ended.

Pivot:	1,288		
Support	1,284	1,279	1,273
Resistance	1,294	1,297	1,301

Source: FX EMPIRE

### Highlights

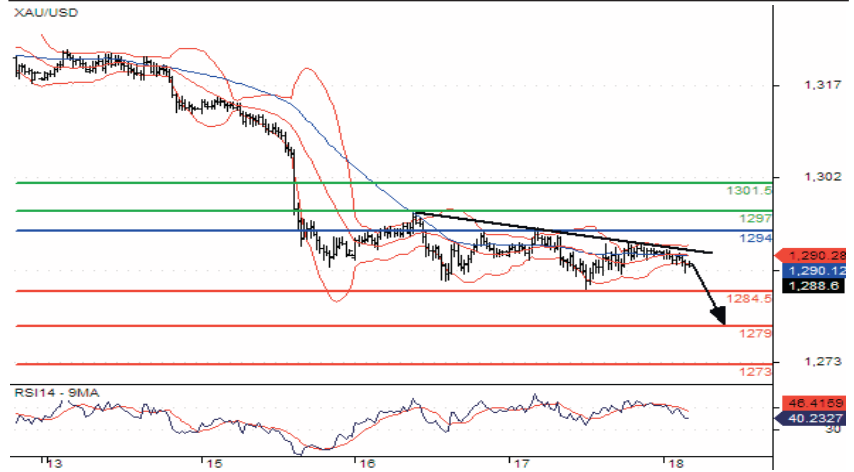
- Gold prices deepened their descent below the key \$1,300 line yesterday to mark their lowest settlement of 2018
- Gold got some support from geopolitical strife in North Korea
- Gold still remains vulnerable to the prevailing dollar and rate headwinds as Dollar index near five-month high
- The dollar and the interest rates are really driving gold
- Gold has further down to go, because the dollar has room to go higher

### Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold was flat after sliding to a fresh 2018 low yesterday as another rise in U.S bond yields and concerns over political risk in Italy held the dollar index near its 2018 peak.
- The precious metal has fallen more than 2 percent this week on gains in the U.S currency and a rise in U.S 10-year Treasury yields to seven-year highs. Higher yields increase the opportunity cost of holding non-yielding assets such as bullion.
- Spot gold was flat at \$1,290.51 per ounce, off an earlier 4-1/2-month low of \$1,285.41. U.S gold futures for June delivery settled down \$2.10, or 0.2 percent, at \$1,289.40 per ounce.
- The dollar has climbed nearly 4 percent this quarter on expectations the U.S Federal Reserve will lift U.S interest rates further this year to curb inflation, at a time when other central banks are still keeping monetary policy loose.
- Political uncertainty arising out of North Korea after Pyongyang threatened to pull out of a meeting with the United States was likely to limit downside for gold.
- If the U.S Federal Reserve will be able to aggressively hike rates and concerned about political uncertainty, lent support to gold prices. From a technical perspective, gold prices were looking vulnerable to further losses after breaking below key chart levels this week, according to analysts who study past price moves to determine the future direction of trade.
- Gold has eroded key support, namely the 200-day moving average, the \$1,302.74 March low and the 50 percent retracement (of the December-to-January rally). The firm U.S dollar and rising U.S bond yields are continuing to exert pressure.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market break above the \$72 level yesterday but have pulled back a bit to fall underneath that vital level. Nonetheless, a market that has recently made a “higher high”, and it’s likely that it will continue to find buyers jump into this market based upon the momentum. Beyond that, the situation with Iran is going to take some oil off the market, and that should pull back a bit of supply. It also has a lot of tension in the Middle East overall, and that should continue to have hedge funds jumping in to pick up crude oil when it falls. Economists believe currently a massive “floor” at the \$70 level. Brent markets rallied as well, reaching towards the \$80 level, an area that of course has a certain amount of psychological significance. That’s an area that has had enough sellers jump into the market to pullback, but as record this is at the \$79.50 level.

Pivot:	71.62		
Support	71.10	70.85	70.65
Resistance	71.90	72.25	72.55

Source: FX EMPIRE

### Highlights

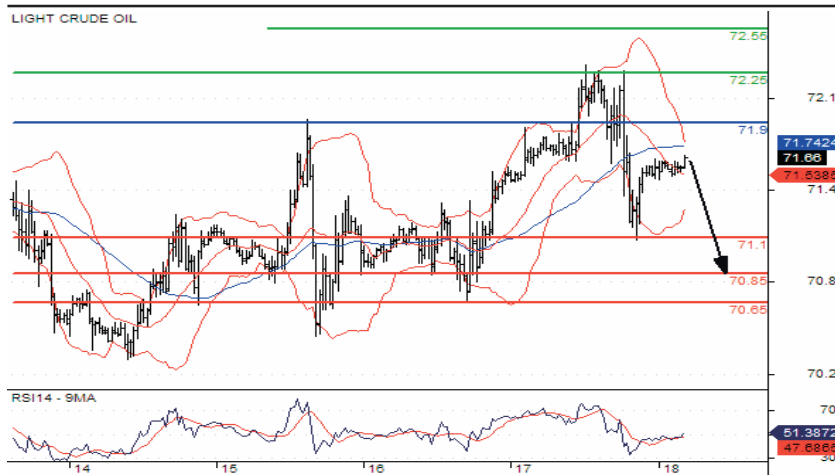
- Oil prices climbed yesterday to their highest levels since November 2014
- Strong global demand, an ongoing OPEC supply deal, and a rising tide of geopolitical risk have all combined to push prices higher
- Brent prices have climbed almost 19% in 2018, boosted by output cuts from major producers and increased tensions in the Middle East
- Oil prices could threaten consumer spending if they continue to rise
- When benchmark U.S stock indexes moved lower, oil prices gave up gains

### Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices climbed above \$80 a barrel yesterday for the first time since November 2014, before retreating on a stronger dollar and climbing U.S output to end unchanged.
- A rapid slide in oil supply from Venezuela, concern that U.S sanctions will disrupt exports from Iran, and falling global inventories have all combined to push oil prices up nearly 20 percent in 2018.
- The U.S dollar hit its highest level in four months against the yen as yields on benchmark U.S government bonds hit a seven-year high. Global inventories of crude and fuel have dropped sharply in recent months owing to robust demand and OPEC-led production cuts.
- A stronger dollar makes oil more expensive for importing nations such as those in Asia, which are facing a trillion dollar bill for their imports this year as demand in the continent reaches a record high.
- Brent crude futures reached an intraday high of \$80.50 a barrel, but later gave up most gains to settle up 2 cents at \$79.30 a barrel. While U.S West Texas Intermediate crude futures settled unchanged at \$71.49, after earlier also hitting their highest since November 2014 at \$72.30 a barrel.
- WTI prices finished flat, its been poised earlier to mark another 3½-year high. Brent prices were barely positive for the session, though finding ongoing support from Washington’s decision last week to reinstate sanctions on Iran.
- The year-over-year numbers now are pretty dramatic in terms of the price of oil. Several investors pointed to \$80 per barrel for U.S WTI crude as the threshold that could dampen consumer spending.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets went back and forth during the trading session initially yesterday, but then rallied to reach towards the \$16.50 level. Economists think there is a significant amount of resistance between the \$16.50 level in the \$16.60 level, so it's likely that the market will struggle to get above there, but if it do breakout above there, it's likely that it will continue to go much higher. Short-term pullbacks should be buying opportunities, as there is plenty of support underneath that extends down to at least the \$16 level. Market players think that it's only a matter of time before value hunters come back into this market. However, the markets will continue to be volatile, so therefore need to keep leverage very low. Longer-term, the market should go to the \$17.50 level, and that eventually the \$20 level after that. \$16 underneath is massive support, and it extends down to the \$15.50 level.

Pivot:	16.41		
Support	16.29	16.16	16.11
Resistance	16.49	16.55	16.66

Source: FX EMPIRE

### Highlights

- Silver prices increased 0.6 percent to \$16.44 an ounce
- If inflation heats up this year, history says the silver price will move higher
- The dollar should also come off the boil over the coming months, which could provide some support to the price of the white metal
- The white metal was pushed down mainly by a jump in U.S Treasury yields
- Fed policy is negative for silver prices, higher demand for inflation hedges and a weaker dollar should prevent prices

### Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices rose yesterday away from two-week lows touched yesterday as the white metal tries to regain footing after a spate of losses. Dollar edged down today, underpinning the greenback-denominated silver futures for another day as they become cheaper to holders of other currencies.
- Silver prices have already found theirs. Silver should hold \$16 and move higher and run to \$17 as the first resistance. The long-term view for the metals is higher as they have made or are near the bottoms.
- Although silver could continue to struggle in the near term, dominated by a strong U.S dollar, it will be a less of a headwind in the future. Silver prices inched up to \$16.38 an ounce from the opening of \$16.34, with a session-high at \$16.42, and a low at \$16.33.
- U.S bond market, although 10-year bond yields have pushed past 3.00%, hitting levels not seen since 2011, the move is supported by market fundamentals. The U.S bond yields have been driven higher by rising interest rate expectations.
- Silver is an attractive investment on the horizon, but there is no reason to jump into the market at this moment. It is expecting that the market will struggle until there is significant global financial market turmoil.
- Silver prices inched up to \$16.38 an ounce from the opening of \$16.34, with a session-high at \$16.42, and a low at \$16.33. While Fed policy tightening is usually negative for silver prices, higher demand for inflation hedges and a weaker dollar should prevent prices from falling much further this year.
- The Fed will hike interest rates three more times this year, which intuitively should be negative for silver prices as higher rates increase the opportunity cost of holding non-interest bearing assets. It has been forecasting that the silver price would fall for some time now. Silver holding above 1635 allows a recovery to strong resistance at 1655.

### US Commodity Futures Trading Commission (CFTC) Data

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Friday, May 18, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri May 18	04:30	JPY National Consumer Price Index (YoY) (APR)	High	0.6%	0.7%	1.1%
Fri May 18	04:30	JPY Natl CPI Ex Fresh Food, Energy (YoY) (APR)	Medium	0.4%	0.4%	0.5%
Fri May 18	11:00	EUR German Producer Price Index (YoY) (APR)	Low		1.8%	1.9%
Fri May 18	14:00	EUR Euro-Zone Trade Balance s.a. (MAR)	Low		21.1b	21.0b
Fri May 18	17:30	CAD Retail Sales (MoM) (MAR)	Medium		0.4%	0.4%
Fri May 18	17:30	CAD Retail Sales Ex Auto (MoM) (MAR)	Low		0.5%	0.0%
Fri May 18	17:30	CAD Consumer Price Index (YoY) (APR)	High		2.3%	2.3%
Fri May 18	18:15	USD Fed's Kaplan Speaks in Moderated Q&A	Low			
Fri May 18	22:00	USD Baker Hughes U.S. Rig Count (MAY 18)	Medium			1045

Source: Forex Factory, DailyFX

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